GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:1855
ANSWERED ON:29.11.2007
INCENTIVES TO PRIVATE ENTREPRENEURS IN FPIs
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the Government proposes to attract private entrepreneurs to make food processing industry commercially and economically viable by processing and canning the fruits for domestic as well as international market;

(b) if so, the details of incentives proposed to the private enterprises in this regard; and

(c) the details of the centres identified for setting up of processing and canning the fruits in the country during 2006-07 and 2007-08 so far, State-wise?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a) & (b): The Ministry of Food Processing Industries (MFPI) has been implementing various schemes to attract private entrepreneurs for setting up of new food processing industry including canning of fruits and vegetables. For promotion of fruits and vegetables processing industries, financial assistance is provided by Ministry of Food Processing Industries in the form of grant under the scheme of Technology Upgradation/ Modernisation / Establishment of food processing industries for setting up of new unit or for expansion / modernisation of existing fruits & vegetables processing unit including canning unit. Under this Scheme, MFPI extends financial assistance to food processing units in the form of grant-in-aid @ 25% of the cost of Plant and Machinery and Technical Civil Works subject to maximum of Rs. 50.00 lakhs in general areas or 33.33% subject to maximum of Rs. 75.00 lakhs in difficult areas. In order to ensure speedy disbursement of the financial assistance, the Ministry has decided to decentralize the disbursement procedure through banks under the Scheme of setting up / modernization / expansion of food processing industries w.e.f. 01.04.07. Now the applicants will be able to avail of grant / assistance through the neighbourhood banks which have already appraised the project and provided loans to them.

Government has already exempted fruits & vegetable products from payment of excise duty. The Government has allowed, a deduction of 100% of profit under Income Tax Act, for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables.

(c): The Ministry of Food Processing Industries schemes are project oriented. Any proposal, which is financially viable and technically feasible for setting up / expansion / modernization of food processing unit including canning of fruits, is eligible for availing grant from Ministry of Food Processing Industries. Grants released for fruits & vegetables processing units state-wise during 2006-07 and 2007-08 (upto 27/11/07) is enclosed (Annexure).